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ABSTRACT

This report discusses the outcomes of a study that investigated the funding of education programs for children with disabilities in Colorado. The report describes the characteristics of the students being served in special education, reviews Colorado's current system of funding special education, reviews the results of a survey given to representatives of each of the 54 administrative units and members of the Colorado Special Education Advisory Committee, evaluates the current system of funding, reviews the special education funding systems utilized by the other states, and provides recommendations for reform. Results from the study found that overall, 10.5 percent of the Colorado student population is identified as having disabilities significant enough to warrant intervention, with perceptual or communicative disabilities being the primary type of disabilities experienced by children. The total federal contributions for special education funding amounted to 8.9 percent of the total revenues, state contribution amounted to 18.9 percent of total revenues, and 69.3 percent came from local contributions for the 1996-97 school year. It is recommended that Colorado increase state funding to reduce the local costs closer to the national average of 32 percent. Appendices include extensive data tables. (Contains 17 references.) (CR)

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Special Education Funding in Colorado

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1.0 Executive summary

The Colorado State legislature mandated that the Colorado Department of Education conduct a study of funding education programs for children with disabilities. In this study we: (1) describe the characteristics of the special education students served, (2) review Colorado's current system of funding special education, (3) review the results of a survey given to representatives of each of the 54 administrative units and members of the Colorado Special Education Advisory Committee, (4) evaluate the current system of funding, (5) review the special education funding systems utilized by the other states, and (6) provide recommendations for reform.

1.1 Student Characteristics: Children with disabilities are those between the ages of birth and 21 who are unable to receive reasonable benefit from regular education without additional support in the public schools because of specific disabling conditions (Colorado State Board of Education, 1999). Overall, 10.5% of the student population is identified as having disabilities significant enough to warrant intervention. Perceptual or communicative disabilities are the primary type of disabilities experienced by children (47.3% of all disabilities). Speech-language disabilities and significant identifiable emotional disabilities are the second and third highest occurring disabilities representing 19.0% and 11.9% of all disabilities, respectively (Paulmeno, C. Stroup, Maloney, 1999).

1.2 Special Education funding: Special education revenues are generated through three primary sources: federal, state, and the local school district's general fund. The most current revenue and expenditure data available were for the 1996-97 school year. Total federal contributions amounted to 8.9% of the total revenues. State ECEA contributions amounted to 18.9% of the total revenues. Shortfalls in special education revenues are made up from monies originally targeted for the general fund at the individual school district level. Local contributions averaged to 69.3% of the total revenues, which is much higher than the national average of 32.3%. On average, special education expenditures in Colorado account for 7.5% of the total educational expenditures. This is lower than the national average of 12% reported by Parish and Chambers (1996).

1.3 Rating the Effectiveness of the Current System of Funding: Thirteen criteria were identified as commonly used to rate the effectiveness of a state's special education funding system. The current funding system *passes* five of the 13 criteria:

1. Special education monies are timely, reliable and fairly predictable.
2. The current system provides the flexibility needed to disburse funds where needed.
3. The reporting burden is reasonable at the school district level.
4. There is no indication of impropriety in the use of funds.
5. The current system offers placement neutrality.

The current funding system *fails* eight of the 13 criteria:

1. The current funding system is not understandable.
2. The ability to pay for special education services has become dependent on local wealth, and is therefore potentially inequitable.
3. The amount of ECEA monies distributed to each administrative unit is inadequate.
4. Students must be labeled prior to being eligible to receive special education services.
5. The amount of money received from state ECEA funds is not linked to actual costs.
6. The cost control criteria are not met for high-growth districts and out-of-district placements.

7. School districts are neither punished nor rewarded for student outcomes.
8. Regular and special education funding sources are not integrated.

1.4 Special Education Funding Formulas Used in Other States: All 50 states have provisions in their public education formulas for providing support for some share of the excess costs associated with special education (Parish and Chambers, 1996). Most states use a funding formula based on pupil weights, followed by percent reimbursement formulas; resource-based formulas; census-based formulas; and finally, formulas based on a flat grant. The current trend is toward census-based funding.

1.5 Recommendations: The recommendation of the contractor, based on research findings, is that Colorado increase state funding to reduce the local costs closer to the national average of 32%. This increase would partially address the issues of funding inadequacy and funding inequity. This increase in state ECEA contributions could be implemented over a five year phase-in period. It is the opinion of the contractor that attending to this increase in state ECEA funding would significantly reduce and/or eliminate tangential problems such as cost-control of high-growth districts and out-of-district placements, lack of funds for obtaining and retaining qualified staff and conflicts between advocates of regular and special education as they vie for local dollars.

Sixty-two percent of respondents did not recommend changing the current funding formula. They indicated only that the amount of ECEA funds should increase. Thirty-three percent of the respondents who recommended an increase in state ECEA funding also recommended that the state of Colorado abandon its flat-rate funding formula and move towards a census-based formula (21%) or pupil weighting system (12%). A census-based model is in line with the federal funding formula used for special education and is in line with current funding trends utilized by other states reforming their special education formulas.

Before a substantial increase in state ECEA funding can occur, issues related to the Taxpayer's Bill of Rights (TABOR) may need to be addressed. TABOR includes limitations on government spending and increases in revenues that are subject to voter approval. TABOR specifies that revenues and fiscal year spending by state and local governments should only be allowed to increase by the inflation rate in the prior calendar year plus the local growth rate. Unless addressed, TABOR limitations may severely limit the state of Colorado from adequately funding special education and resolving other issues that are a direct result of under-funding.

2.0 Introduction

The responsibility of overseeing the provision of special education services to children with disabilities in the 176 Colorado school districts is delegated to 54 administrative units under the direction of the Colorado State Board of Education. An administrative unit is defined to mean a single school district or a board of cooperative services (BOCS) that is responsible for the provision of special education services. An administrative unit uses its state and federal funds to pay for special education expenditures. Federal and State laws require administrative units to provide all needed services to children identified as having a disability regardless of the cost or other district needs and priorities (Smokoski, et al, 1987). Shortfalls in funds for special education services available through a school district's administrative unit are filled by the school district's general fund.

The Colorado State Legislature mandated that the Colorado Department of Education conduct a study of funding education programs for children with disabilities. In this study we: (1) describe the characteristics of the special education students served, (2) review Colorado's current system of funding special education, (3) review the results of a survey given to representatives of each of the 54 administrative units and members of the Colorado Special Education Advisory Committee, (4) evaluate the current system of funding, (5) review the special education funding systems utilized by the other states, and (6) provide recommendations for reform.

3.0 Characteristics of Students Eligible for Special Educational Services

The most current and complete data concerning the characteristics of the special needs children served, special education revenues and expenditures are contained in the Special Education Data Report for the 1996-97 academic year (Paulmeno, Stroup, and Moloney, 1999). This data will, therefore, be referenced frequently in this section. The percentage of children

eligible for special education services is consistent (see Appendix A) across administrative units at approximately 10.5%. This percentage is lower than the findings from the Center for Special Education Finance (1998) for the 1994-95 academic year, where the national average was found to be 13.1%, ranging from 4.5% to 31.2%.

3.1 Definition of Each Disability Classification. Children with disabilities are those persons between the ages of birth and 21 who are unable to receive reasonable benefit from regular education without additional supports in the public schools because of specific disabling conditions (Colorado State Board of Education, 1999). A brief description of each disability category is provided in Table 1.

Table 1: Definitions of State Disability Conditions

1. Significant limited intellectual capacity	A child with significant intellectual capacity shall have reduced general intellectual functioning, which prevents the child from receiving reasonable educational benefit from regular education.
2. Significant identifiable emotional disability	A child with significant identifiable emotional disability shall have emotional or social functioning, which prevents the child from receiving reasonable educational benefit from regular education.
3. Perceptual or communicative disability	A child with perceptual or communicative disability shall have a disorder in one or more of the psychological processes involved in understanding or in using language which prevents the child from receiving reasonable educational benefit from regular education.
4. Hearing disability	A child with a hearing disability shall have a deficiency in hearing sensitivity as demonstrated by an elevated threshold of auditory sensitivity to pure tones or speech where, even with the help of amplification, the child is prevented from receiving reasonable educational benefit from regular education.
5. Vision disability	A child with a vision disability shall have a deficiency in visual acuity and/or visual field and/or visual performance where, even with the use of lenses or corrective devices, he/she is prevented from receiving reasonable educational benefit from regular education.
6. Physical disability a. Autism b. Traumatic brain injury c. Other physical disability	A child with a physical disability shall have a sustained illness of disabling physical condition which prevents the child from receiving reasonable educational benefit from regular education. The three areas of physical disability described in the 1996-97 Special Education Data Report are autism, traumatic brain injury, and other physical disability.

7. Speech-language disability	A child with speech-language disability shall have a communicative disorder in the areas such as receptive and expressive language, auditory processing, deficiency of structure and function of oral peripheral mechanism, articulation, voice, fluency, discrimination, and memory which prevents the child from receiving reasonable educational benefit from regular education
8. Multiple disabilities a. Deaf-blind b. Other multiple disabilities	A child with multiple disabilities shall have two or more areas of significant impairment, one of which shall be a cognitive impairment except in the case of deaf-blindness. Cognitive impairment shall mean significant limited intellectual capacity. The other areas of significant impairment include: physical, visual, auditory, communicative, or emotional. The combination of such impairments creates a unique condition that is evidenced through a multiplicity of needs which prevent the child from receiving reasonable educational benefit from regular education.
9. Preschool child with a disability	A preschool child with a disability shall be three through five years of age and shall, by reason of one or more of the following conditions, be unable to receive reasonable educational benefit from regular education: long-term physical impairment or illness, significant limited intellectual capacity, significant identifiable emotional disorder, identifiable perceptual or communicative disorders, or speech disorders.
10. Infant with a disability	An infant/toddler with a disability shall be a child from birth through age two years of age who has significant developmental delays and who potentially may be unable to receive reasonable educational benefit from regular education.

3.2 Number and Percentage of Students with Each Disability Classification. The number and percentage of students with disabilities in each disability classification in the 1996-97 school year are presented in Table 2 (Paulmeno, Stroup, and Moloney, 1999). Perceptual or communicative disabilities are the primary type of disabilities experienced by children, accounting for 47.3% of all disabilities. Speech-language disabilities and significant identifiable emotional disabilities are the second and third highest occurring disabilities representing 19.0% and 11.9% of all disabilities, respectively. The total percent of minority students in the Colorado school system is 28.5%. This percentage is not significantly different than the 29.7% of students with disabilities who are classified as minorities. Thus, minority status is not an issue for disability classification at a state level.

Table 2: The Number of Children Eligible for Special Education Services in Each Disability Classification, 1996-97.

Disability	Total children served	Percent of total students with disabilities
Significant limited intellectual capacity	3,153	4.4%
Significant identifiable emotional disability	8,415	11.9%
Perceptual or communicative disability	33,558	47.3%
Hearing disability	1,018	1.4%
Vision disability	305	0.4%
Physical disability		
a. Autism	165	0.2%
b. Traumatic brain injury	189	0.3%
c. Other physical disability	3,640	5.1%
Speech-language disability	13,450	19.0%
Multiple disabilities		
a. Deaf-blind	90	0.1%
b. Other multiple disabilities	2,901	4.1%
Preschool child with a disability	3,987	5.6%
Infant with a disability	57	0.1%
Total students with disability	**70,928**	**100.0%**

3.3 Out-of-District Placement. A child may be placed in a living environment other than his/her own natural home by the Department of Institutions if developmentally disabled, by the Division of Mental Health if mentally ill, by the Division of Youth Services if 'afoul' of the law, by Department of Social Services if their safety or the safety of others is in jeopardy, or by the parents upon the recommendation of professionals into a psychiatric hospital or other short-term care facility (Smokoski, Paulmeno, McNulty, Blome, and Kilmer, 1987). Regardless which agency makes the placement, the administrative unit of residence is required to pay for all special education services. The number of out-of-district placements is of grave concern to school districts because of issues related to cost containment. In 1996-97, the average cost of an out-of-district placement was $8,779. Table 3 summarizes the total number of students by disability

classification served directly by the administrative unit of residence (AU) and the total number and percent of children served in out-of-district placements.

Table 3: The Number and Percent of Children Receiving Out-of-District Placement, 1996-97.

Type of Disability	Total served directly by AU of residence	Total out-of-district placements	Percent of children served in out-of-district placements
Significant limited intellectual capacity	3,129	24	0.8%
Significant identifiable emotional disability	7,389	1,026	12.2%
Perceptual or communicative disability	33,398	160	4.8%
Hearing disability	972	46	4.5%
Vision disability	300	5	1.6%
Physical disability			
a. Autism	164	1	0.6%
b. Traumatic brain injury	187	1	0.5%
c. Other physical disability	3,609	31	0.9%
Speech-language disability	13,325	125	0.9%
Multiple disabilities			
a. Deaf-blind	74	16	17.8%
b. Other multiple disabilities	2,680	221	7.6%
Preschool child with a disability	3,469	518	13.0%
Infant with a disability	57	0	0%
Total students with disability	**68,753**	**2,175**	**3.1%**

3.4 Other considerations. Finally, when developing and/or reforming a model to finance special education, it may seem reasonable to assume that children with certain categories of disabilities are more expensive to serve than are children within other disability classifications. If this were true, a breakdown of expenditures by type of disability would be needed to better describe student characteristics. Such knowledge would be useful for disbursing special education monies. However, in repeated studies, this assumption has not been found to be valid (Mauk, Rogers, and Shuster, 1998). There appears to be as much variability of cost within a disability classification as there is between disability classifications. Thus, investigations of cost associated with disability condition are not appropriate.

4.0 Special Education Funding

Special education revenues are generated through three primary sources: federal, state, and the general fund. Federal funds are provided through grants from the (1) Individuals with Disabilities Education Act (IDEA) Part B, (2) IDEA Preschool Services, (3) IDEA Part H Infant and Toddler Services, (4) Transition Services funds, (5) School-to-Work Alliance Program (SWAP), (6) Vocational Education, (7) Vocational Rehabilitation, (8) Systems Change, and (9) Carl Perkins Grants to the States. The most current year for which complete data is available for both special education revenues and expenditures in Colorado is the 1996-97 academic year (Paulmeno, Stroup, and Moloney, 1999). Total federal contributions for the 1996-97 school amounted to $30,529,711. These funds accounted for approximately 8.9% of the total revenues used to fund special education programs. Table 4 summarizes these sources of revenue.

Table 4: Special Education Revenues for the 1996-97 Fiscal Year.

Source of revenue	Amount	Percent of total revenues
Federal Funds		
IDEA: Part B	$25,124,702	7.3%
IDEA: Preschool Services	$4,147,362	1.2%
IDEA: Part H, Infant and Toddler Services	$100,161	0.03%
Transition Services	$89,287	0.03%
School-to-Work Alliance Program (SWAP)	$358,080	0.10%
Vocational Education	$280,320	0.08%
Vocational Rehabilitation	$381,484	0.11%
Systems Change	$17,410	0.005%
Carl Perkins	$30,905	0.009%
Total Federal Funds	$30,529,711	8.91%
State Funds		
Exception Children's Education Act (ECEA)	$64,673,288	18.9%
PPOR for 3 and 4 year old children with disabilities	$9,856,737	2.9%
Total State Funds	$74,530,025	21.7%
General Fund	$237,449,452	69.3%
Other Funds	$282,364	0.08%
Total Special Education Revenues	$342,791,552	100%

State funds for special education are generated through (1) the Exceptional Children's Educational Act (ECEA), and (2) the Per Pupil Operating Revenue (PPOR) for 3 and 4 year old

children with disabilities. Total state ECEA contributions for the 1996-97 school year amounted to $64,673,288. Total state ECEA contributions accounted for approximately 18.9% of the total revenues used to fund special education services.

Together, federal funds and state ECEA allocations accounted for approximately 27.8% of revenues used to fund special education. Shortfalls in special education revenues are made-up from monies from the General Fund at the individual school district level. In the 1996-97 academic school year, total contributions from the General Fund amounted to $237,449,452, accounting for approximately 69.3% of the revenues needed to fund special education. On average, individual school districts are burdened with funding over 2/3 of the special education services provided in their district.

An important consideration for understanding the contrast between general and special education funding is that funding for general education is a set amount appropriated by the Legislature and available to all children while funding for special education has no limits to potential cost and is limited to those with identified disabilities. Within current federal IDEA legislation, setting limits on the amount of monies available for special education services is not allowed. This, perhaps, is the crux of the matter. It is difficult to fund a system that has no ceiling on costs. One can only set rules and regulations to determine eligibility and utilize averages to predict costs. It is to these averages we turn our attention.

4.1 Exceptional Children's Educational Act (ECEA). The Exceptional Children's Educational Act (ECEA) is the primary means by which administrative units receive funding from the state for special education. Under the requirements of Section 22-20-104(1), C.R.S., an administrative unit shall use its state ECEA funds only on special education services and programs. Funding from the ECEA to each administrative unit is based upon an allocation of $49,800,756 in proportion to the amount of state ECEA funding the administrative unit received for the 1994-95 fiscal year plus an allocation of 'X' dollars per child who was identified as

requiring special education services on December 1 of the previous academic year less the amount of ECEA 'over-payment' if the actual number of children with disabilities served during the previous year was less than the number projected to be served with the December 1 count for that year. There is currently no allowance added to account for 'under-payment' if more children with disabilities were served during the previous year than projected with the December 1 count for that year. However, administrative units may not receive less than their 1994-95 base payment amount.

The amount 'X' is not a set amount nor is it predetermined by a state formula to account for variables such as inflation factors associated with the changing cost of special education services. Rather, it is determined each year by the state legislature. This method of determining the amount of ECEA funds, while fairly consistent thus far in amounts disbursed each year it has been authorized (see Table 5), is a potential source of anxiety for school districts as they develop their budgets.

Table 5: ECEA Appropriations

Fiscal Year	Special Education Appropriation	Change in Funding from Previous Year	Percent Change in Funding
1994-95	$55,389,983	$2,600,000	4.9%
1995-96	$64,673,288	$9,283,305	16.8%
1996-97	$64,673,288	$0	0.0%
1997-98	$69,410,773	$4,737,485	7.3%
1998-99	$69,410,773	$0	0.0%
1999-2000	$69,410,773	$0	0.0%
2000-2001	$69,410,773	$0	0.0%

4.2 Educational Expenditures. Educational expenditures for the 1996-97 school year for each administrative unit are summarized in Appendix B. On average, special education expenditures accounted for 7.5% of the total educational expenditures. This is lower than the national average of 12% reported by Parish and Chambers (1996). On face value, this would seem to be a bargain as it was previously reported that students requiring special education services accounted for approximately 10.5% of the student population. However, the amount of

dollars going toward special education is the amount *added on* to the monies already going to these children through the general fund. Reviewing the data in Appendix C, we find that on average, 5.4% of the general funds in each administrative unit are going towards special education. The percent of general funds from each administrative unit going towards special education ranges from 1.4% to 8.3%. By dividing the amount of money going from the general fund to the special education fund by the number of students not eligible for special education services (Appendix D) we see that on average, students not receiving special education services have 359 fewer dollars to go towards their education.

School districts are responsible for providing educational services to all children. The information reviewed in this section indicates an area of potential conflict centering on how school districts disburse their general funds. In addition, as a greater percentage of special education is funded at the district level, issues of local wealth and equity may begin to surface as some districts will be better able to pay for special education services.

5.0 Colorado Special Education Survey

Surveys were sent to the superintendents and BOCS directors of all 54 administrative units and the 31 members of the Colorado Special Education Advisory Committee were surveyed to gather their opinion on what was working well and not working well with the current system that funds special education. In addition, we thought it helpful to hear how others recommend special education funding be reformed, if at all. Responses from the 54 administrative units were received from superintendents, executive directors of BOCS and special education directors. Often, the superintendents and BOCS directors and special education directors worked together to prepare their responses. Of the 85 surveys sent out, 42 were returned. A sample of the survey is contained in Appendix E. A brief description of the methodology of conducting the survey is provided in Appendix F. A discussion of the

representativeness of the survey is provided in Appendix G. Table 10 is a summary of the responses to the first question.

Table 10: Summary of Responses to First Survey Question.

In what ways is the current system of funding working well for Colorado school districts?				
Category of responses	**Single District AU (n=23)**	**BOCs AU (n=9)**	**State Advisory Committee (n=10)**	**Total (n=42)**
1.1 Like how current administrative (CDE) system functions	8 (35%)	5 (56%)	3 (30%)	16 (38%)
1.2 Special education monies are reliable and predictable	4 (17%)	3 (33%)	0 (0%)	7 (17%)
1.3 Negative comments only	5 (22%)	1 (11%)	1 (10%)	7 (17%)
1.4 There is some willingness from the state Legislature to increase ECEA funding	4 (17%)	1 (11%)	1 (10%)	6 (14%)
1.5 Other	3 (13%)	1 (11%)	1 (10%)	5 (12%)
1.6 No response (consider neutral)	4 (17%)	0 (0%)	3 (30%)	7 (17%)

The primary feature of the current funding system that the respondents felt worked well was that the staff of the Colorado Department of Education were easy to work with and fair (38%). They indicated that the current state administrative structure was working well. Seventeen percent of respondents agreed that the current system is reliable and predictable in obtaining their funds. Seventeen percent of respondents did not have any positive comments, and stated this position. Fourteen percent said that what was working well was the state Legislature's willingness to increase ECEA funding. Finally, 17% of the respondents left this section blank.

Table 11 reviews the comments regarding ways in which the current system of funding is not working well for the administrative units.

Table 11: Summary of Responses to Second Survey Question.

In what ways is the current system of funding NOT working well for Colorado school districts?					
Category of responses		**Single District AU (n=23)**	**BOCS AU (n=9)**	**State Advisory Committee (n=10)**	**Total (n=42)**
2.1	ECEA funds are not sufficient, state is under-funding special education	17 (74%)	7 (78%)	7 (70%)	31 (74%)
2.2	Conflict between regular and special education interests	2 (9%)	2 (22%)	6 (60%)	10 (24%)
2.3	Funding does not support obtaining/retaining staff	2 (9%)	1 (11%)	4 (40%)	7 (17%)
2.4	Inconsistency in how students are identified and/or counted	5 (22%)	0 (0%)	1 (10%)	6 (14%)
2.5	Questions of accountability at administrative unit level	1 (4%)	2 (22%)	3 (30%)	6 (14%)
2.6	Funding dependent on local wealth/local control	3 (13%)	0 (0%)	3 (30%)	6 (14%)
2.7	Punitive to fast growth districts	5 (22%)	0 (0%)	0 (0%)	5 (12%)
2.8	Computerized system /reports needs upgrading	4 (17%)	0 (0%)	1 (10%)	5 (12%)
2.9	Burden of out-of-district placements	4 (17%)	0 (0%)	0 (0%)	4 (10%)
2.10	Lack of weighted funding based on severity of disability	1 (4%)	1 (11%)	1 (10%)	3 (7%)
2.11	Other	4 (17%)	0 (0%)	1 (10%)	5 (12%)
2.12	No response (consider neutral)	2 (9%)	0 (0%)	0 (0%)	2 (5%)

The overwhelming response to the second question (74%) was that the ECEA funds distributed to the administrative units are not sufficient. The current system was rated as being under-funded. Twenty-four percent of respondents indicated a growing concern of conflict

developing between regular and special education as they vie for monies from the general fund. This sentiment was primarily voiced by BOCS and advisory committee members. Third, 17% of respondents indicated that the lack of funding was making it more difficult to hire and retain qualified special education staff.

Table 12 summarizes the respondents' recommendations for improving how special education is funded in Colorado.

Table 12: Summary of Responses to Third Survey Question.

Please provide your recommendations for improving the system of funding special education.				
Category of responses	**Single District AU (n=23)**	**BOCS AU (n=9)**	**State Advisory Committee (n=10)**	**Total (n=42)**
3.1 Increase amount of ECEA funding	23 (100%)	9 (100%)	7 (70%)	39 (93%)
3.1.a Increase ECEA revenues (no indication of changing system) (note that amount of increase varies from inflation factors to full funding)	17 (74%)	5 (56%)	4 (40%)	26 (62%)
3.1.b Increase ECEA funding & adopt a census-based approach[1]	4 (17%)	2 (22%)	3 (20%)	9 (21%)
3.1.c Increase ECEA funding & adopt a pupil weighting approach[1]	3 (13%)	1 (11%)	1 (10%)	5 (12%)
3.2 Change how out-of-district placements are funded	4 (17%)	1 (11%)	2 (20%)	7 (17%)
3.3 Support programs which improve staffing and training	1 (4%)	1 (11%)	3 (30%)	5 (12%)
3.4 Improve method of identifying and 'counting' number of special education students	3 (13%)	1 (11%)	0 (0%)	4 (10%)
3.5 Improve accountability of how monies flow through districts	1 (4%)	0 (0%)	2 (20%)	3 (7%)
3.6 Other	4 (17%)	1 (11%)	2 (20%)	7 (17%)

[1] One respondent indicated that the state should switch to either a census-based or a pupil weighting formula.

Ninety-three percent of respondents said that the state should increase the amount of ECEA funding. Sixty-two percent said that this increase in ECEA funding should be made through a simple increase of funds without changing the current funding formula. Twenty-one percent said that there should be an increase in ECEA funding and a change to a census-based funding formula. Twelve percent said that there should be an increase in ECEA funding and a change to a pupil weighting formula.

Seventeen percent of the all respondents recommended that the state change how it funds out-of-district placements by reducing the burden on school districts. Twelve percent suggested that the state provide more funding for training staff and for the recruitment of staff to special education. Ten percent of the respondents indicated a need to improve how and when students are counted when determining the amount to add on to the base rate.

6.0 Criteria for Evaluating Effective and Efficient Special Education Funding

Hartman (1992) developed a series of criteria for evaluating state special education funding formulas that are widely accepted by the education community (Parish and Chambers, 1996). The following 13 criteria, adapted from Parish and Chambers (1996) summary of Hartman's work, are presented in conjunction with an appraisal of how well they are addressed in Colorado's current funding formula. Information garnered from a review of the funding formula (section 4) as well as information from the survey (section 5) will be used as the basis of the appraisal. Table 13 provides a summary of the criteria, a rating of (+) if the criteria are being met, a rating of (-) if the criteria are not being met, and a brief supporting statement of the rating.

Table 13: Criteria for Effective Funding of Special Education.

Criteria	Rating	Supporting statement
1. Understandability The funding system, and its underlying objectives can be easily understood by all concerned parties including legislators, legislative staff, State Department personnel, local administrators, and advocates.	(-)	Review of the responses indicates that the current funding system is not understandable. Survey comments indicate that respondents do not completely understand how the funding formula works.
2. Equity All districts receive comparable resources for comparable students.	(-)	Each child in each school district receives the same amount of ECEA funds beyond the base funding. Flat amount, beyond the base, does not take into consideration variability in costs associated with each child's unique needs, regional cost of living factors or regional growth factors.
3. Adequacy Funding is sufficient for all districts to provide appropriate programs for special education.	(-)	The amount distributed to each administrative unit is not sufficient to cover current expenditures. Survey results strongly indicate that special education is under-funded.
4. Predictability Local Education Agencies know allocations in time to plan for local services. The system produces predictable demands for state funding. State Education Agencies and Local Education Agencies can count on stable funding across years.	(+)	Survey respondents felt that the amount of special education monies was reliable and fairly predictable. They stated that the current system was working well in regards to the speed and accuracy in which the funds were disbursed to the administrative units and school districts.

Table 13: Criteria for Effective Funding of Special Education Cont.

5. Flexibility Local agencies are given latitude to deal with unique local conditions in an appropriate and cost-effective manner. Changes that affect programs and costs can be incorporated into the funding system with minimum disruption. Local agencies are given maximum latitude in use of resources in exchange for outcome accountability.	(+)	ECEA funds are provided to each administrative unit for disbursement. Needed services are determined on an individual basis.
6. Identification Neutrality The number of students identified as eligible for special education is not the only, or primary, basis for determining the amount of special education funding to be received. Students do not have to be labeled to receive services.	(-)	Students do have to be labeled and have an Individual Education Plan (IEP) to be eligible to receive special education services.
7. Reasonable Reporting Burden Costs to maintain the funding system are minimized at both the local and state levels. Data requirements, record keeping, and reporting are kept to a minimum.	(+)	Survey results indicate that the reporting burden is reasonable at the administrative unit level. The computer system, while increasingly becoming out-dated and in need of upgrading, is an efficient manner of reporting.
8. Fiscal Accountability Conventional accounting procedures are followed to assure that special education funds are spent in an authorized manner. Procedures are included to contain excessive or inappropriate education costs.	(+)	There is no indication of any impropriety in the use of funds.

Table 13: Criteria for Effective Funding of Special Education Cont.

9. Cost-based Funding received by districts for the provision of special education programs is linked to the costs they face in providing these programs.	(-)	This is currently a "sticking point" with local school districts. The amount of money received through state ECEA funds is not linked to the actual costs of providing services.
10. Placement Neutrality District funding for special education is neither based on the type of educational placement nor on a disability label given to the child.	(+)	ECEA funds are based on the number of children identified as having a disability not on a label.
11. Cost Control Patterns of growth in special education costs statewide are stabilized over time. Patterns of growth in special education identification rates statewide are stabilized over time.	(-)	Survey results indicate that while the current system of funding is predictable, it is punitive relative to fast growth school districts. Out-of-district placements are often made without consulting the school district or even considering what the administrative units have to offer.
12. Outcome Accountability State monitoring of local agencies is based on measures of student outcomes. A statewide system of demonstrating satisfactory progress for all students in all schools is developed. Schools showing positive results for students are given maximum program and fiscal latitude to continue producing them.	(-)	Indications are that administrative units are neither punished nor rewarded based on child outcome data. In this respect, high performing and low performing programs are treated equally in regards to funding.
13. Connection to General Fund The special education funding formula should have a clear conceptual link to the general education finance system. Integration of funding will likely lead to an integration of services.	(-)	Special education is not linked to the Colorado School Finance Act.

7.0 Special Education Funding Formulas Used in Other States

All 50 states have provisions in their public education formulas for providing support for some share of the excess costs associated with special education (Parish and Chambers, 1996). Typically, there are four types of funding. These include pupil weights, resource-based, percent reimbursement, and flat grant (Parrish, O'Reilly, Dueñas, & Wolman, 1997):

1. Flat grant: A Flat Grant system uses specific dollar amounts per student or unit. A fixed dollar amount is provided for each student identified as being eligible for special education services to the school districts regardless of the actual cost of providing services or the ability of the school district to cover the costs. The advantages to this approach are its simplicity and predictability. It also encourages districts to make the lowest cost placement possible. The disadvantages to this system are a potential to over-identify students as a means of securing additional revenues and a tendency to under-fund the actual cost of services.
2. Pupil weights: The pupil weight funding system is a per student basis with allocations made depending on student placement, disability category, or a combination of both. The advantages of this system are its recognition that the cost of providing services is dependent on many factors including the type and severity of disability and placement. The disadvantages of this system are the complexity of the formula in determining the appropriate pupil weight for each child, a tendency of school districts to exaggerate the severity of disability to secure additional revenue, and a weighting system that may not be able to truly represent the unique needs of individual students, thus costs may or may not be in line with revenue.
3. Resource-based: Resource-based systems are based on the specific resources used in special education instead of a student population number. These systems cover the cost

of specific educational resources such as teacher salaries, benefits, or materials. Funds are not provided for each individual student but for multiples of students comprising the classroom or unit. Resource-based formulas are favored because the administration of these formulas is simple. This funding practice may result in maximum class size. School districts may attempt to serve as many students as possible at the lowest cost to the district by placing as many students as possible in a class. Individual needs of students may inadvertently be under-served.

4. Percent reimbursement: Percent Reimbursement is used to reimburse programs for a percentage of costs or expenditures. Depending on what percentage the state is reimbursing and for what types of services, this funding mechanism can be simple or complicated.
5. Census-based: A fifth, and relatively new approach to funding special education programs is census-based funding. Census-based funding is a flat grant based on a count of all students in a district rather than a count of just those students determined to be eligible for special education services. The formula is usually based on an assumed rate of disability (e.g., 12% of student population), a weighted cost factor (e.g., 2xPPOR), and adjustments for local difference such as poverty statistics and cost of living indexes.

7.1 Funding Formulas, Basis of Allocation, and Per Pupil Funding. A summary of state funding formulas and basis of allocations from the 1994-95 academic is provided in Appendix H (Parrish, O'Reilly, Dueñas, & Wolman, 1997). While this data are often cited and used to guide policymakers in their decisions, the data are increasingly becoming outdated as states reform their special education finance systems. The Center for Special Education Finance (CSEF) is currently in the process of updating this report with data from the 1998-99 school year (Parrish, 2000). Data concerning per pupil spending are currently available from this report for

32 states. From these data, an average of 32.3% of special education expenditures come from local sources.

7.2 Special Education Funding Reform Trends. Due to efforts by states to reform how they fund special education, Parrish (2000) has stated that a high percentage of states no longer use the funding formula reported in the 1994-95 data. Two major factors are the basis of these reform movements. The first factor is the basis of allocation such as total enrollments, special education enrollments, or placement type. The second factor is whether or not the funds distributed are to be used exclusively on a designated population. During the 1994-95 school year, the majority of states were using pupil weight funding systems.

7.2.1 Pupil Weighting Formulas

Kentucky is an example of a state currently using the pupil weights system. Kentucky changed their funding formula from a unit-based system. There is a basic allocation made for each child being served by special education. This base is adjusted based on the number of exceptional cases being served by each district. The Kentucky Department of Education classifies exceptional students into three categories. The first category is Low Incidence including functional mental disability, emotional behavioral disorder, deaf-blindness, hearing/visual impairments, autism and traumatic brain injury. High Incidence is the second category. In this category, students with specific brain injuries, mild mental disability, orthopedic/physical disability or the developmentally delayed are served. The final category is simply students with Speech or Language Impairment. Kentucky uses a three-tier system to demonstrate their funding formula. The first level is known as the State Adjusted Base Guarantee. This is the dollar amount guaranteed by the state to fund special education programs based on the number of special education students per district. Tier 1 and Tier 2 are adjustment levels based on the exceptional student populations in each district. At these levels the

individual school districts may also levy money to cover expenditures above and beyond the Adjusted Base Guarantee (Chambers & Dueñas, 1995).

Oregon is another state currently using a pupil weights system. Initially, special education was funded by the state through grants-in-aid targeted at serving children with disabilities. This system created an inequity across districts. The grants-in-aid did not take into account a district's financial ability to pay. This resulted in higher-spending districts receiving more funds than lower-spending districts. Oregon's State School Fund includes a system of weights based on enrollment categories. The Special Education Funding Formula addresses three areas. First, "for every special education student, districts receive an amount equal to twice the per student amount available for regular education students." Second, "the number of special education students that may be claimed for state funding is limited to 11 percent of a district's total school population." Third, "districts may apply to the DOE for a special allowance of more than 11 percent of their population for special education weighting." (Montgomery, 1995)

7.2.2 Census-based Formulas

A growing trend in special education finance reform is movement towards a census-based formula. California, Massachusetts, Montana, North Dakota, Pennsylvania, and Vermont have recently adopted a census-based approach to funding special education.

California. One of the most recent special education funding reforms took place in California. Previously, California had used a resource-based approach to funding. Because this system wasn't meeting the needs of the state, California switched to census-based funding. California gained insight on their funding program based on Vermont's previous special education finance reform.

Vermont initially funded special education on a percent reimbursement system. This system encouraged districts to mainstream special education students. In severe cases, the students were placed in regional programs. This system funded programs rather than costs

associated with special education. Percent reimbursement also made it difficult to plan in advance financially. The motivating factors of change were increasing costs, incentives for placement in restrictive settings, inequity, unpredictability, and lack of flexibility. Vermont switched to a three-part block grant system, which was based on total student membership rather than special education student counts. This system eliminated incentives to place children in special education or to mainstream children with disabilities. The first block of money was based on student membership followed by the second block, extraordinary service reimbursement. This offers additional help to districts with high cost individual cases. And the third component is the intensive services reimbursement that was designed to cover any remaining expenditures not covered by federal funds. A study found that Vermont's reform is making changes that positively benefit the students. (Montgomery, 1995)

Pennsylvania took the same approach as Vermont. Pennsylvania changed from an "Excess Cost" funding system to a system based on Average Daily Membership (ADM). The old system lacked local involvement, was unpredictable, and offered incentives for more restrictive placements. The new system gave much more control to the individual districts. The districts would receive a fixed dollar amount based on ADM (Montgomery & DeSera, 1996).

Massachusetts followed the trend like many other states and switched from Pupil Weights to a Census-Based system. A study was conducted in Massachusetts to determine the overall consensus on the new system. This study found several pros and cons to census-based formulas. These formulas provide much more flexibility, eliminate incentives for placements, and stabilize the cost of special education. However, opponents of the census-based model feel that it retreats too far from the traditional role of funding and may erode the protection under IDEA. (Chambers, Parrish, & Hikido, 1996)

7.2.3 Other Formulas

Alaska has followed the trend and recently changed their special education funding system from a pupil weights system to a flat grant funding system. Their funding is no longer based completely on the number of students in particular service categories. Like California, Alaska has created an area known as "intensive funding." Districts may be eligible for more money based on the severity of their students' disabilities.

Missouri follows a method of funding that is not so common, the resource-based method. Funds are awarded based on the number of teachers, professional staff members, and other classroom teachers and aides. For example, $14,050 is awarded for each approved class of children, $7,340 allocated for each professional staff member other than classroom teachers, and $3,670 for each full-time teacher aide. For the 3- to 4-year-old program, the state reimbu[illegible] 100 percent on all approved programs. (Parrish, O'Reilly, Dueñas, & Wolman, 1997)

Rhode Island has implemented a percent reimbursement funding program. This progra[illegible] supports 100 percent of all excess costs associated with educating special education students. (Parrish, O'Reilly, Dueñas, & Wolman, 1997)

8.0 Recommendations

The primary purpose of reforming the state's funding mechanism for special education should be to address those issues that have been identified as being problematic in the current system of funding. Based on an analysis of special education revenues and expenditures, comparisons to national special education funding data, and the results of the Colorado Special Education Survey, several areas were identified as being problematic:

1. On average, 69.3% of special education expenditures are paid from local funds. This compares to an average of 32.3% of funds coming from local funds reported by Parrish. (2000) This difference in local contributions, in addition to the survey results, indicates that the state ECEA contributions are inadequate.

2. Since local districts are responsible for over 2/3 of special education expenditures, local wealth may become a factor in determining the quality of special education services available. It is therefore recommended that additional studies be conducted to determine whether special education programs across Colorado's 176 school districts offer equitable services.

3. On average, special education expenditures accounted for 7.5% of the total educational expenditures. This compares to a national average of 12%. This difference may indicate that in addition to the state ECEA contributions being inadequate, local contributions are not able to keep up with the costs of providing quality special education services. Thus, special education services may be of poorer quality than they should be.

4. Inadequate funding has lead to several other issues identified by survey respondents:

    a. ECEA funding does not address the challenges of high growth districts or out-of-district placements.

    b. Monies are not available to train, retain, and attract quality staff.

    c. Increasing conflicts between regular and special education arise as they wrangle for additional funding.

When asked for their recommendations for improving the current ECEA system of funding special education, 93% of survey respondents said that the amount of ECEA funds needs to be increased. The amount of increase ranged from inflation and cost-of-living increases to having the state fully fund all special education services. The recommendation of the contractor, based on research findings, is that Colorado increase state funding to reduce the local costs closer to the average of 32% reported by Parrish (2000). This increase would partially address the issues of funding inadequacy and funding inequity. This increase in state ECEA contributions could be implemented over a five year phase-in period. It is the opinion of the contractor that

attending to this increase in state ECEA funding would significantly reduce the problems identified in item #4 above.

Sixty-two percent of respondents did not recommend changing the current funding formula. They indicated only that the amount of ECEA funds should increase. Thirty-three percent of the respondents who recommended an increase in state ECEA funding also recommended that the state of Colorado abandon its flat-rate funding formula and move towards a census-based formula (21%) or pupil weighting system (12%). A census-based model is in line with the federal funding formula used for special education and in line with current funding reforms utilized by other states.

Before a substantial increase in state ECEA funding can occur, issues related to the Taxpayer's Bill of Rights (TABOR) may need to be addressed. TABOR includes limitations on government spending and increases in revenues that are subject to voter approval. TABOR specifies that revenues and fiscal year spending by state and local governments should only be allowed to increase by the inflation rate in the prior calendar year plus the local growth rate. Unless addressed, TABOR limitations may severely limit the state of Colorado from adequately funding special education and resolving the other issues result from under-funding.

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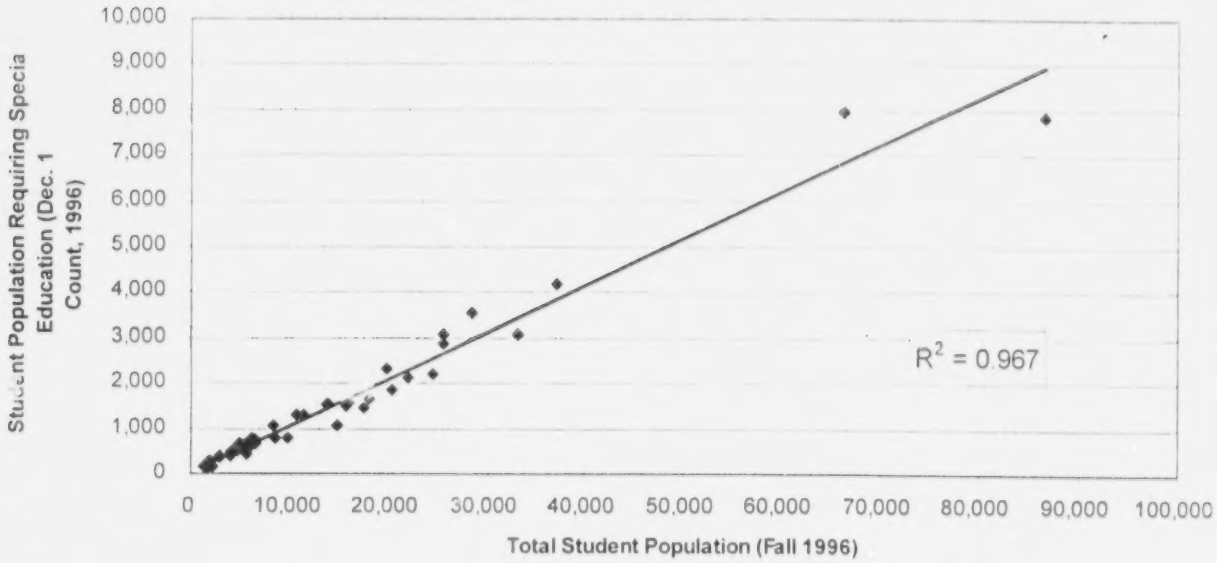
Appendix A

Provided is a graph of student population requiring special education services versus the total student population for each of Colorado's 176 school districts. The regression line for this plot provides a correlation coefficient of 0.967. The highest possible value is 1.0,

Figure 1: Number of Students Requiring Special Education Versus the Total Student Population of Each Colorado School District



which would indicate a perfect correlation. Given the high correlation, it can be argued that the number of children with disabilities is evenly distributed throughout the school districts representing the Colorado education system.

Appendix B: Total Educational Expenses for Each Administrative Unit, 1996-97 Academic School Year

Administrative unit, 1996-97	Total Education Expenditures	Total Special Education Expenditures	Total regular Education Expenditures	Total Special Education expenditures as a percent of Total Education Expenditures
Adams 1, Mapleton	$ 27,700,015	$ 2,079,694	$ 25,620,321	7.5%
Adams 12, Northglenn	$ 154,071,347	$ 13,680,342	$ 140,391,005	8.9%
Adams 14, Commerce City	$ 35,775,859	$ 3,138,873	$ 32,636,986	8.8%
Adams 27J, Brighton	$ 28,135,797	$ 2,052,822	$ 26,082,975	7.3%
Adams 50, Westminster	$ 65,906,138	$ 7,243,854	$ 58,662,284	11.0%
Arapahoe 1, Englewood	$ 26,535,665	$ 2,683,949	$ 23,851,716	10.1%
Arapahoe 2, Sheridan	$ 18,459,837	$ 1,213,808	$ 17,246,029	6.6%
Arapahoe 5, Cherry Creek	$ 276,720,474	$ 20,641,811	$ 256,078,663	7.5%
Arapahoe 6, Littleton	$ 114,744,653	$ 8,732,969	$ 106,011,684	7.6%
Adams-Arapahoe 28J, Aurora	$ 196,404,255	$ 17,526,116	$ 178,878,139	8.9%
Boulder RE1J, Longmont	$ 94,440,870	$ 6,671,875	$ 87,768,995	7.1%
Boulder RE2, Boulder Valley	$ 192,697,418	$ 15,743,393	$ 176,954,025	8.2%
Clear Creek, RE-1, Idaho Springs	$ 11,924,598	$ 1,120,202	$ 10,804,396	9.4%
Delta 50(J), Delta	$ 32,820,650	$ 1,763,245	$ 31,057,405	5.4%
Denver 1, Denver	$ 459,722,451	$ 38,804,802	$ 420,917,649	8.4%
Douglas Re 1, Castle Rock	$ 182,916,011	$ 12,073,738	$ 170,842,273	6.6%
Elizabeth/Platte Canyon	$ 23,544,331	$ 1,848,298	$ 21,696,033	7.9%
El Paso 2, Harrison	$ 70,803,517	$ 7,254,235	$ 63,549,282	10.2%
El Paso 3, Widefield	$ 59,352,560	$ 4,615,209	$ 54,737,351	7.8%
El Paso 8, Fountain	$ 24,707,013	$ 2,935,457	$ 21,771,556	11.9%
El Paso 11, Colorado Springs	$ 190,580,597	$ 15,090,877	$ 175,489,720	7.9%
El Paso 20, Academy	$ 102,054,673	$ 6,230,417	$ 95,824,256	6.1%
El Paso 49, Falcon	$ 36,605,616	$ 2,173,516	$ 34,432,100	5.9%
Fort Lupton/Keenesburg	$ 22,399,621	$ 1,932,736	$ 20,466,885	8.6%
Fremont Re-1, Canon City	$ 22,293,447	$ 1,904,654	$ 20,388,793	8.5%
Gunnison Re-1J, Gunnison	$ 31,394,808	$ 633,503	$ 30,761,305	2.0%
Jefferson R-1, Lakewood	$ 552,587,876	$ 50,093,898	$ 502,493,978	9.1%
Larimer R-1, Fort Collins	$ 124,119,891	$ 10,161,080	$ 113,958,811	8.2%
Larimer R-2J, Loveland	$ 78,446,526	$ 6,455,830	$ 71,990,696	8.2%
Larimer R-3, Estes Park	$ 13,007,632	$ 569,968	$ 12,437,664	4.4%
Logan Re-1, Sterling	$ 18,221,388	$ 1,315,298	$ 16,906,090	7.2%
Mesa 51, Grand Junction	$ 106,470,885	$ 9,597,844	$ 96,873,041	9.0%
Moffat Re 1, Craig	$ 16,447,798	$ 1,388,132	$ 15,059,666	8.4%
Montrose Re-1J, Montrose	$ 35,958,336	$ 2,847,118	$ 33,111,218	7.9%
Pueblo 60, Urban	$ 90,876,419	$ 7,455,272	$ 83,421,147	8.2%

Appendix B: Total Educational Expenses for Each Administrative Unit, 1996-97 Academic School Year cont.

Administrative unit, 1996-97	Total Education Expenditures	Total Special Education Expenditures	Total regularEducation Expenditures	Total Special Education expenditures as a percent of Total Education Expenditures
Pueblo 70, Rural	$ 40,850,307	$ 1,508,062	$ 39,342,245	3.7%
Weld Re-4, Windsor	$ 12,680,551	$ 877,012	$ 11,803,539	6.9%
Weld 6, Greeley	$ 84,880,182	$ 7,288,749	$ 77,591,433	8.6%
Arkansas valley BOCES, La Junta	$ 45,330,266	$ 2,528,341	$ 42,801,925	5.6%
East Central BOCES	$ 43,250,037	$ 2,261,715	$ 40,988,322	5.2%
Mountain BOCS	$ 202,491,294	$ 7,564,156	$ 194,927,138	3.7%
Northeast Colorado BOCES	$ 37,599,271	$ 2,559,940	$ 35,039,331	6.8%
Northwest Colorado BOCS	$ 39,335,824	$ 2,358,853	$ 36,976,971	6.0%
Pikes Peak BOCS	$ 113,867,372	$ 7,106,497	$ 106,760,875	6.2%
Rio Blanco BOCS	$ 11,017,639	$ 839,865	$ 10,177,774	7.6%
San Juan BOCS	$ 66,939,986	$ 3,132,130	$ 63,807,856	4.7%
San Luis Valley BOCS	$ 77,057,093	$ 3,049,188	$ 74,007,905	4.0%
South Central BOCS	$ 45,283,072	$ 2,674,019	$ 42,609,053	5.9%
South Platte Valley BOCS	$ 44,864,876	$ 2,537,170	$ 42,327,706	5.7%
Southeastern BOCES	$ 34,620,141	$ 1,493,651	$ 33,126,490	4.3%
Southwest BOCS	$ 45,306,129	$ 2,512,782	$ 42,793,347	5.5%
Weld BOCES, La Salle	$ 57,608,477	$ 2,824,587	$ 54,783,890	4.9%
Total	**$4,541,831,489**	**$ 342,791,552**	**$4,199,039,937**	**7.5%**

Appendix C: Special Education Funds Originating in the General Fund

Administrative Unit 1996-97	Special Education Funds Originating in the General Fund	Percent of Special Education Revenues Supported by the General Fund	Percent of General Fund Revenues Used for Special Education Services
Adams 1, Mapleton	$1,135,053	54.6%	4.2%
Adams 12, Northglenn	$9,063,689	66.3%	6.1%
Adams 14, Commerce City	$1,906,320	60.7%	5.5%
Adams 27J, Brighton	$1,243,847	60.6%	4.6%
Adams 50, Westminster	$5,331,175	73.6%	8.3%
Arapahoe 1, Englewood	$1,698,133	63.3%	6.6%
Arapahoe 2, Sheridan	$831,406	68.5%	4.6%
Arapahoe 5, Cherry Creek	$14,809,637	71.7%	5.5%
Arapahoe 6, Littleton	$6,317,592	72.3%	5.6%
Adams-Arapahoe 28J, Aurora	$11,723,872	66.9%	6.2%
Boulder RE1J, Longmont	$4,555,643	68.3%	4.9%
Boulder RE2, Boulder Valley	$11,277,931	71.6%	6.0%
Clear Creek, RE-1, Idaho Springs	$738,243	65.9%	6.4%
Delta 50(J), Delta	$1,029,665	58.4%	3.2%
Denver 1, Denver	$27,321,948	70.4%	6.1%
Douglas Re 1, Castle Rock	$9,417,633	78.0%	5.2%
Elizabeth/Platte Canyon	$1,231,427	66.6%	5.4%
El Paso 2, Harrison	$5,152,603	71.0%	7.5%
El Paso 3, Widefield	$3,176,515	68.8%	5.5%
El Paso 8, Fountain	$1,877,004	63.9%	7.9%
El Paso 11, Colorado Springs	$10,181,248	67.5%	5.5%
El Paso 20, Academy	$4,565,922	73.3%	4.5%
El Paso 49, Falcon	$1,587,749	73.0%	4.4%
Fort Lupton/Keenesburg	$1,431,994	74.1%	6.5%
Fremont Re-1, Canon City	$1,181,659	62.0%	5.5%
Gunnison Re-1J, Gunnison	$435,652	68.8%	1.4%
Jefferson R-1, Lakewood	$36,845,565	73.6%	6.8%
Larimer R-1, Fort Collins	$6,807,325	67.0%	5.6%
Larimer R-2J, Loveland	$4,283,395	66.3%	5.6%
Larimer R-3, Estes Park	$315,655	55.4%	2.5%
Logan Re-1, Sterling	$680,995	51.8%	3.9%
Mesa 51, Grand Junction	$6,151,231	64.1%	6.0%
Moffat Re 1, Craig	$923,550	66.5%	5.8%
Montrose Re-1J, Montrose	$2,035,799	71.5%	5.8%
Pueblo 60, Urban	$5,054,730	67.8%	5.7%

Appendix C: Special Education Funds Originating in the General Fund cont.

Administrative Unit 1996-97	Special Education Funds Originating in the General Fund	Percent of Special Education Revenues Supported by the General Fund	Percent of General Fund Revenues Used for Special Education Services
Pueblo 70, Rural	$971,958	64.5%	2.4%
Weld Re-4, Windsor	$597,307	68.1%	4.8%
Weld 6, Greeley	$5,063,263	69.5%	6.1%
Arkansas valley BOCES, La Junta	$1,666,488	65.9%	3.7%
East Central BOCES	$1,306,584	57.8%	3.1%
Mountain BOCS	$5,043,504	66.7%	2.5%
Northeast Colorado BOCES	$1,612,395	63.0%	4.4%
Northwest Colorado BOCS	$1,510,201	64.0%	3.9%
Pikes Peak BOCS	$5,265,658	74.1%	4.7%
Rio Blanco BOCS	$533,490	63.5%	5.0%
San Juan BOCS	$2,172,251	69.4%	3.3%
San Luis Valley BOCS	$1,853,622	60.8%	2.4%
South Central BOCS	$1,705,473	63.8%	3.8%
South Platte Valley BOCS	$1,657,884	65.3%	3.8%
Southeastern BOCES	$608,963	40.8%	1.8%
Southwest BOCS	$1,621,974	64.5%	3.7%
Weld BOCES, La Salle	$1,936,632	68.6%	3.4%
Total	**$237,449,452**	**69.3%**	**5.4%**

Appendix D: Special Education Cost Per Regular Education Student

Administrative Unit 1996-97	Special Education Revenues Originating in the General Fund Per Special Education Student	Special Education Revenues Originating in the General Fund Per 'Regular' Education Student
Adams 1, Mapleton	$1,802	$250.90
Adams 12, Northglenn	$3,169	$398.51
Adams 14, Commerce City	$2,469	$353.68
Adams 27J, Brighton	$2,518	$305.76
Adams 50, Westminster	$4,066	$530.52
Arapahoe 1, Englewood	$2,958	$423.05
Arapahoe 2, Sheridan	$2,980	$480.86
Arapahoe 5, Cherry Creek	$3,541	$449.51
Arapahoe 6, Littleton	$3,998	$436.78
Adams-Arapahoe 28J, Aurora	$3,306	$469.97
Boulder RE1J, Longmont	$3,151	$284.50
Boulder RE2, Boulder Valley	$3,692	$499.18
Clear Creek, RE-1, Idaho Springs	$2,646	$478.45
Delta 50(J), Delta	$1,661	$253.86
Denver 1, Denver	$3,432	$468.09
Douglas Re 1, Castle Rock	$4,287	$422.35
Elizabeth/Platte Canyon	$3,086	$343.97
El Paso 2, Harrison	$3,930	$555.30
El Paso 3, Widefield	$3,005	$434.37
El Paso 8, Fountain	$2,961	$460.28
El Paso 11, Colorado Springs	$3,299	$338.37
El Paso 20, Academy	$4,332	$334.23
El Paso 49, Falcon	$3,267	$452.09
Fort Lupton/Keenesburg	$3,106	$394.71
Fremont Re-1, Canon City	$2,609	$324.01
Gunnison Re-1J, Gunnison	$3,404	$280.34
Jefferson R-1, Lakewood	$4,709	$467.32
Larimer R-1, Fort Collins	$3,228	$343.58
Larimer R-2J, Loveland	$2,767	$349.98
Larimer R-3, Estes Park	$1,890	$267.05
Logan Re-1, Sterling	$1,707	$282.10
Mesa 51, Grand Junction	$2,667	$351.98
Moffat Re 1, Craig	$2,602	$373.15

Appendix D: Special Education Cost Per Regular Education Student cont.

Administrative Unit 1996-97	Special Education Revenues Originating in the General Fund Per Special Education Student	Special Education Revenues Originating in the General Fund Per 'Regular' Education Student
Montrose Re-1J, Montrose	$3,371	$385.13
Pueblo 60, Urban	$3,051	$307.41
Pueblo 70, Rural	$2,174	$191.44
Weld Re-4, Windsor	$3,514	$306.94
Weld 6, Greeley	$3,258	$418.18
Arkansas valley BOCES, La Junta	$2,415	$326.57
East Central BOCES	$2,010	$255.49
Mountain BOCS	$2,703	$271.80
Northeast Colorado BOCES	$2,375	$377.96
Northwest Colorado BOCS	$2,645	$331.04
Pikes Peak BOCS	$3,551	$371.50
Rio Blanco BOCS	$2,964	$369.71
San Juan BOCS	$2,817	$281.34
San Luis Valley BOCS	$2,326	$209.61
South Central BOCS	$2,588	$299.73
South Platte Valley BOCS	$2,467	$325.84
Southeastern BOCES	$1,196	$148.20
Southwest BOCS	$2,495	$274.17
Weld BOCES, La Salle	$2,568	$337.98
Total	**$2,937**	**$358.63**

Appendix E: A Study of Funding Education Programs in Colorado For Children with Disabilities

To: Name
Title
Address
City, State
Phone#

Spectrum Consulting, LLC, was recently contracted by the state of Colorado to investigate the current system of funding special education in the Colorado school system and to provide recommendations for legislation to improve this system of funding. As part of this investigation, we are interested in your opinions regarding the current effectiveness of funding special education programs in Colorado. Please complete the following questionnaire and return it in the enclosed postage-paid envelope by **Friday, August 25th, 2000.** I apologize for the short time frame involved in the completion of this survey. There is a legislative requirement to have this study completed by mid-September, so your prompt response is necessary. If you have any questions, comments or concerns regarding this survey, please feel free to call Dr. Todd Braeger at 435-753-9333. Thank you for your time and thoughts regarding this important matter.

1. In what ways is the current system of funding special education working well for Colorado school districts? What aspects of the current funding system would you keep the same? If possible, provide examples supporting your views.

2. In what ways is the current system of funding special education not working well for Colorado school districts? What aspects of the current funding system would you change and/or eliminate? If possible, provide examples supporting your views.

3. Please provide your recommendations for improving the system of funding special education programs in Colorado.

Appendix F

Survey Methodology

When we designed the survey we were not certain what all of the issues might be concerning special education finance reform. Due to this uncertainty and to the limited time we had to complete the study, we decided to limit our survey to three open ended questions we felt went to the heart of the matter. A sample of the survey instrument is located in Appendix E.

On August 17, 2000 a survey was mailed to the superintendents and BOCS directors of all 54 administrative units and the 31 members of the Colorado Special Education Advisory Committee with a suggested return date of August 25. On August 29, we telephoned those for whom we had not received a survey to determine whether they were interested in completing the survey and, if so, how best we could accommodate them. Most suggested we fax them another copy of the survey and then they would fax back their responses by September 1. Others indicated that they had sent the survey or were in the process of completing it and would have it in the mail or fax it within the next couple of days. Finally, some indicated that they did not feel knowledgeable enough to offer their opinions.

Upon receipt of the survey, each was read and all responses categorized based on content. As the response categories were developed, we kept a tally of the number of respondents who had similar responses.

Appendix G

Survey Representativeness

Prior to delving into the results of the survey, it is useful to examine the characteristics of the districts and student population the respondents represented. Thirty-two surveys were returned. Twenty-three single district administrative units (57.5% of single district AU's) and 7 BOCES AU's (46.7% of BOCES AU's) are represented. From these 32 surveys, 89 school districts were represented, accounting for 51% of the total number of school districts in Colorado. Sixty percent of the ten largest school districts were represented in the survey (Table 6).

Table 6: Number of School Districts Represented by the Survey

Category	Number	Percent
Total number of school districts in Colorado	176	100%
Number of school districts represented by survey	89	51%
Number of ten largest school districts represented by survey	6	60%

Students in the ten largest school districts represent 55% of the total student population. Students in the other 166 school districts represent 45% of the total student population (Table 7).

Table 7: Number of Students in the Colorado School System

Total number of students in Colorado school system	707,436	100%
Total number of students in 10 largest districts	391,674	55%
Total number of students excluding 10 largest school districts	315,762	45%

Of those school districts represented in the survey, 58% of the total student population was represented. Of this representation, students in the ten largest districts accounted for 54% and students in the 166 other school districts accounted for 46% of the represented student population (Table 8).

Table 8: Number and Percent of Students Represented in the Survey

Total number of students represented by survey	412,791	58%
Number of students from 10 largest school districts represented by survey	221,101	54%
Number of students excluding 10 largest school districts represented by survey	191,690	46%

Concerning the average size of the school districts represented, a review of Table 9 indicates that school district size is well represented by the survey respondents.

Table 9: School District Size

Average size of school district	4,020
Average size of school district represented by survey	4,638
Average size of 10 largest school districts	39,167
Average size of 10 largest school districts represented by survey	36,850
Average size of school districts excluding 10 largest	1,902
Average size of school districts excluding 10 largest represented by survey	2,310

Finally, of the 31 members of the Special Education Advisory Committee contacted, 10 (32%) were able to return the survey in the time allocated.

Oregon	Pupil Weights	Special education enrollment
Pennsylvania	Flat Grant	Total District Enrollment
Rhode Island	% Reimbursement	Actual Expenditures
South Carolina	Pupil Weights	Disabling Condition
South Dakota	% Reimbursement	Allowable Costs
Tennessee	Resource-Based	Classroom Unit
Texas	Pupil Weights	Type of Placement
Utah	Pupil Weights	Type of Placement
Vermont	Flat Grant	Total District Enrollment
Virginia	Resource-Based	Classroom Unit
Washington	Pupil Weights	Special education enrollment
West Virginia	Flat Grant	Special education enrollment
Wisconsin	% Reimbursement	Allowable Costs
Wyoming	% Reimbursement	Actual Expenditures